

Ukraine - Germany: waiting for "insights"

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When visiting Bonn, Leonid Kuchma announced his decision to run for the second term in office. Apparently, this represents a particular habit of Ukrainian decision-makers, the President included, to make such statements abroad: Kuchma's first announcement that he would "seek re-election in October 1999" appeared in the French newspaper *Le Monde* on October 15, 1996.

Meanwhile, Leonid Kuchma will have to deal with other serious issues during his visit: as he insisted at the time of German president Roman Herzog's visit to Kyiv, "only a blind cannot but see positive changes in Ukraine's economy." Eighteen months after that visit, the Ukrainian president will have to take enormous effort to ensure that the Germans do see the promised progress. Leonid Kuchma's visit to Germany in May 1998, and his talks with German Chancellor Helmut Kohl represent only one instance in relations of the two top executive officials which began when Leonid Kuchma was Prime Minister of Ukraine. The German chancellor visited Ukraine on June 9-10, 1993, at the height of the most significant miners' strike of this decade. After talks with President Kravchuk, Speaker Ivan Plushch, Prime Minister Leonid Kuchma and Foreign Minister Anatoly Zlenko, Helmut Kohl told at the final press conference that he would advocate easing access for Ukrainian goods to European markets at the European Community forum in Copenhagen. Though, Ukraine could hardly expect substantial financial assistance from Germany at that time, after Mr. Kohl advised this country to develop "close relations" with the IMF and the World Bank. In their turn, Ukrainian officials promised to sign the START-1 and the Lisbon Protocol, in accordance with which Ukraine gave up its nuclear arsenal.

However, mutual pledges were not the only one, and not the most significant result of the visit. While in Kyiv, Helmut Kohl signed a bilateral agreement on protection of investments and military cemeteries, and assured the audience at his final press conference that the two states had reached "firm understanding and concrete cooperation agreements". The key words in this statements are, obviously, "firm" and "concrete": taking into account the reported German pedantry, it is impossible that they could appear in this context by chance or present a meaningless diplomatic formula.

Then, Leonid Kravchuk received an invitation to visit Germany in a year. Though, a year after he lost the presidential elections, and new president, Leonid Kuchma, visited Bonn in 1995. Before that, he met the German chancellor at the meeting of heads of CSCE states in Budapest on December 6, 1994. At that time the Interfax-Ukraina news agency quoted secretary of the National Security Council Volodymyr Horbulin as saying that Germany intended to support the pursuit of economic reforms in Ukraine, and that "Helmut Kohl expressed full understanding of the situation of Ukraine". The word "situation" implied, in particular, the problem of Chornobyl, but it is still unclear what the reference to "support for reforms" meant. The latter, however, is not surprising: it is likely that Horbulin avoided to remind the president about implementation of "firm understanding and concrete cooperation agreements" achieved in June 1993. It was unlikely that Germany was prepared to undertake any new obligations unless Ukraine demonstrated the fulfillment of the previous ones.

The failure to comply with its obligations became a fact: on July 8, 1995, upon arriving from Bonn, Leonid Kuchma had to state publicly that officials responsible for the failure to implement international agreements would be made accountable for that. Stressing that irresponsibility of some Ukrainian officials had a negative impact on the international relations, and that "issues not only intergovernmental, but local in nature are not solved", the Ukrainian president announced that he had ordered his Control Service to perform thorough verification of implementation of all Ukrainian-German agreements, and that "adequate measures will be taken" depending on results of this verification.

Meanwhile, although previous "firm understanding and concrete cooperation agreements" have remained unfulfilled for two years because of the neglect by the Ukrainian side, during Leonid Kuchma's visit to Bonn on June 3-6, 1995, the German leadership decided to bring the promise to help Ukrainian reforms to the level of "firm and concrete" for purely political reasons. Two weeks before Leonid Kuchma's visit, Helmut Kohl began to prepare his compatriots' public opinion to understanding that the country would have to spend some amount of money "on Ukraine". "The German government

and I personally believe that further development of the Ukrainian democratic and market economy state is an important factor of creation of a new European security system," he was quoted as saying by the press.

Then, the Ukrainian president arrived to the German capital at the height of his popularity in Ukraine and internationally. Eight month before, he announced the radical economic reform course; four months before Yevhen Marchuk became the first Prime Minister appointed by the president and not by the parliament; one month before the president and the parliament signed the Constitutional Agreement, an obvious victory of the former over the latter. "Here are my reforms, but where is your assistance?" Leonid Kuchma could ask, and, probably, asked this way or another.

On the first day of Kuchma's visit, Helmut Kohl addressed him with the words: I welcome you as a man in whom the whole Europe and Germany trust as a man who continues reforms in your country." Noting that Ukraine's achievements are "success for Germans, success for all Europeans", the German chancellor appealed to Ukrainians: "You are not alone on the way of reforms. Your German friends want you to follow that way." "Firmly and concretely", Helmut Kohl promised that relations between Ukraine and Germany should develop into "a new quality, toward close economic cooperation", pledged German assistance to Ukraine within the framework of the EU and the increase of investments, and said that a delegation of high-ranking officials would come to Ukraine in the autumn of 1995 to study possibilities to broaden cooperation with Ukraine, in particular, to develop economic and financial programs. The next morning (July 4, 1995) the two leaders signed an agreement on avoiding double taxation between the two states. Later than day Leonid Kuchma told in an interview to Ukrainian journalists in Bonn that "after these negotiations, Ukraine can expect substantial German assistance to the pursuit of economic reforms."

On the final evening of his visit Leonid Kuchma met representatives of the Ukrainian diaspora in Munich and said that "the chancellor and I had all 100 percent of understanding". Speaking at a briefing on July 8, president Kuchma announced that "a breakthrough has occurred in the Ukrainian-German relations, and their are developing the nature of partnership." The four-day talks between members of the Ukrainian delegation and their German counterparts also featured understanding. According to Minister of Environmental Security Yuri Kostenko, the Ukrainian leadership sought Germany's commitment to providing assistance for closing down the Chornobyl nuclear power plant, and the German party began to realize that contrary to its earlier objections, a heat power station would have to be built in the area in order to close down the Chornobyl. According to governor of the National Bank of Ukraine Victor Yushchenko, Germany was prepared to help Ukraine obtain an IMF loan for creation of a stabilization fund for Ukraine's new currency, hryvnya. A number of memoranda with major German companies were signed during the visit.

Leonid Kuchma and Helmut Kohl agreed that the German chancellor would visit Ukraine in the spring of 1996. Later the visit was postponed till autumn, but hardly because Ukraine still failed to comply with its part of the "firm and concrete" vows, but for more trivial reasons. In spring 1996, Ukraine had more important things than the German leader's visit: it was involved in disputes between the president and the parliament over the adoption of the new constitution. In summer the situation stabilized, but Leonid Kuchma's situation was far from triumphant. Reforms were stumbling badly, the amount of back wages, salaries and pensions was growing rapidly, miners were on strike again, Yevhen Marchuk was accused of trying to please the parliament and substituted with "100 percent native" Pavlo Lazarenko, and, the most important, the constitution adopted by the parliament was far from what the president wanted it to be. Therefore, the German leadership had to go back from "understanding the importance of Ukrainian reforms for Europe and the world" to "understanding of Ukraine's situation". It had to remain a major financial donor for Ukraine, notwithstanding the fact that the money provided "for reforms" were spent to cover wages and pensions debts. It had to continue showing understanding of Ukraine's Chornobyl problems: at a briefing during the G-8 summit in Moscow in April 1996, attended by Leonid Kuchma, Helmut Kohl stressed that closing down the Chornobyl NPP immediately was hardly possible, as Ukraine lacked energy sources, and enhanced his argument by mentioning that energy supply in Ukraine had not stopped the previous winter "only due to very significant Russian assistance". Moreover, it had to agree to view Ukraine's failure to comply with its obligations under bilateral agreements as a petty misunderstanding, having the drawbacks blamed on the "war for powers" fought by Leonid Kuchma for almost four years, from November 1992, when he was given the right to issued decrees due temporary changes made to the constitution, and till June 1996, when after the adoption of the new constitution the "war" had to be stopped.

After arriving to Kyiv on September 2, 1996, Helmut Kohl had talks with Leonid Kuchma (in the presence of Dmytro Tabachnyk), Pavlo Lazarenko, and Oleksandr Moroz. While the German chancellor, the Ukrainian president and his chief of staff spoke confidentially in the Blue Hall of the Mariyinsky Palace, the Ukrainian prime minister and a number of his ministers had negotiations with German businessmen about possible investments into Ukraine's economy. The fact suggested Pavlo Lazarenko's personal responsibility for the agreements achieved (which, actually, corresponded with the constitution, as under the law the president, though the head of the state, is not the head of the executive branch). The negotiations resulted in signing new agreement, including the an agreement about participation of German companies in reconstruction of the Zmiyiv heat power plant in the Kharkiv region, memorandum on cooperation between the Ukrtelecom and the Deutchetelekom, an agreement on supplying aircraft for Ukrainian air companies and reconstruction of the Odesa airport. In addition, a number of new intergovernmental agreements were signed, including the agreement about ethnic Germans living in Ukraine, on cooperation between the Ukrainian state committee for TV and radio broadcasting and the German Channel 2, and a joint statement of the Ukrainian and German governments "On Enhancing Cooperation for Support of the Reform Process in Ukraine", which, no doubt, made Ukrainian officials particularly enthusiastic about its contents.

On September 4, 1996, speaking at a joint press conference, the Ukrainian leader reminded that "Ukraine needs support of Europe's leading nations", and the German chancellor said that "the Germans who invest in Ukraine's economy will win much". Optimists regarded Kohl's phrase as recognition of success of the Ukrainian reforms, while the pessimists viewed it as an evidence that Germans hoped that overcoming of the economic crisis in Ukraine would occur not due to the efforts of the state, which misused and wasted all assistance funds, but due to Ukrainian enterprises that managed to survive in the killing environment.

The discussions between the German chancellor and the Ukrainian speaker could also be full of interesting details. On September 4, 1996, the Ukrainian state-owned TV news service quoted Oleksandr Moroz's remarkable phrase that "Germany for us is an example of parliamentarism and a good model to follow in the issue of relations between branches of power". The fact is that powers of a federal president in Germany are largely limited, and the federal government is formed by political parties that win in the parliamentary elections.

However, Helmut Kohl's credit of trust to Leonid Kuchma- and, hence, to Ukraine - did not disappear. The financial stabilization which finally allowed to begin the monetary reform; energetic actions of the new prime minister, including those aiming at suppressing the miners' strikes; and the adoption of the constitution that resolved the long crisis of power in Ukraine were sufficient grounds for Germany's good attitude. Moreover, there was obvious progress in implementation of some bilateral agreements. For instance, in the Poltava region alone there were 12 joint Ukrainian-German projects with the total turnover of US\$ 53.5 million in 1995. The success in implementation of previous agreements was demonstrated by the ceremony of transfer of objects of cultural value by the German government to Ukraine and the Ukrainian government to Germany. On September 4, 1996, Helmut Kohl was accompanied by Pavlo Lazarenko to a regional retraining center for retired army officers, co-funded by Germany. Probably, the visit to the center convinced Mr. Kohl that at least some of the money given to Ukraine did not vanish. After visiting the center, the German delegation, accompanied by prime minister Lazarenko, went to Odesa to discuss reconstruction of the Odesa airport with local officials. The contacts between the two leaders continued to develop.

Germany supported Leonid Kuchma's position on the Chornobyl NPP, and German Foreign Minister Klaus Kinkel repeatedly said at international fora that "in our policy of security architecture, Ukraine should stand equal with Russia, and be our partner on the same conditions as Russia" (January 24, 1997). Alas, welcoming the Ukrainian president in Bonn for the second time the German chancellor will hardly refer to him as the "man in whom the whole Europe and Germany trust", and the guest will have few reasons to hint "here are my reforms, but where's your assistance?". While there has been evident assistance of Germany to Ukraine, there have been obvious problems with Ukrainian reforms, as well as with most of bilateral projects of 1993-1996. One may wonder whether Leonid Kuchma will state publicly again about "officials responsible for the failure to implement international agreements". If that happens, one may assume that the president was just "making a good face to march a bad performance" in Bonn, which is not the worst case. The worse option would be to tell the Germans that the current government is not responsible for obligations undertaken by the previous one, as Valery Pustovoitenko said on a very "firm and concrete" occasion to Russians. In that case... well, nothing

terrible will happen to the bilateral economic and political relations. Europeans are well aware of the fact that a country and its leader are not totally the same thing. No matter how Helmut Kohl reacts to Ukraine's strange behavior as a business partner, his attitude will be viewed in Germany in the context of the forthcoming elections to the Bundestag, scheduled to take place on September 27, 1998. At the party congress in Bremen in mid-May, Helmut Kohl, who has been the party leader for 25 years and German chancellor for 16 years, was nominated as a candidate again, though four years ago he promised Germans that he would not run any more. According to April opinion poll results, only 35 percent of Germans are prepared to vote for Kohl again, while his competitor, a Social Democrat candidate, now prime minister of Lower Saxonia Gerhard Schröder can count on support of at least 50 percent of voters. Meanwhile, Helmut Kohl changed his press secretary, invited the Bild's editor-in-chief to be his new campaign manager, and started to form his campaign team.

Leonid Kuchma has more time before the presidential elections in Ukraine to prove what in his view is "firm and concrete". Both in private discussions and negotiations with Germany, the Ukrainian president and members of his delegation will have to answer questions about nonpayment of compensations to former "Ostarbeiters" funded by the German government, and about a scandal, raised by members of the previous parliament about "misuse of German humanitarian assistance" (i.e., German cars, tractors and equipment transferred to the United Energy Systems), and about the lack of positive results of the Consultative Council for Foreign Investments, which fails to work regardless of the involvement of the Daimler-Benz member of the board Klaus Meingold, member of the board of Deutsche Telekom Erik Ian Nederkoorn, and executive vice president of Siemens Volker Jung. German's satisfaction with the pace of Ukraine's integration into European structures cannot hide their anxiety about the failing reforms, heated by articles about corruption in competent German press. In June 1997, German Ambassador to Ukraine Eberhard Heyken told the Zerkalo Nedeli weekly that "notwithstanding the criticism of the economic situation in Ukraine, the things are going ahead slowly but steadily... the Ukrainian government treats the problem of corruption seriously." In February 1998, German president Roman Herzog was far more straightforward: "notwithstanding Ukraine's successful movement toward European and Transatlantic structures, it should be admitted that economic reforms in Ukraine are not going duly." Let us hope that the Ukrainian delegation has good proof of Ukraine being finally prepared to ensure that Leonid Kuchma's words about Germany as a "key strategic partner for Ukraine" will have some practical meaning. If so, Germans will have no problems with seeing the progress.